

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7810**

**BILL NUMBER:** HB 1651

**DATE PREPARED:** Jan 12, 1999

**BILL AMENDED:**

**SUBJECT:** Youth tobacco access.

**FISCAL ANALYST:** Ron Sobecki

**PHONE NUMBER:** 232-9854

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides for issuance by the State Department of Health (SDOH) of three types of tobacco product licenses to retailers that sell or distribute tobacco products without charge. The bill establishes penalties for license violations and allows the State Department of Health to hold a tobacco products license revocation hearing if the retailer commits certain violations. It requires that an individual must be at least 18 years of age to sell or distribute tobacco products. The bill requires that a retailer must obtain a license from the State Department of Health to sell tobacco products before January 1, 2000. It makes conforming amendments.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** The SDOH will experience additional administrative costs associated with the issuing of the three annual tobacco product licenses. The SDOH must develop an application for the license as well as a license. Applicants must file with the SDOH and do not have to pay a fee for the license. It is estimated that approximately 100,000 establishments may need a license.

The SDOH will need to hire additional staff to process applications, issue licenses, and to conduct hearings if a license is revoked. The SDOH is also required to adopt rules to implement the above. The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. The December 31, 1998 state manning table shows the SDOH has 99 vacancies. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

**Explanation of State Revenues:** This creates a Class B infraction for certain violations of the provisions of this bill. The bill increases the penalty to a Class A infraction if a person violates the provisions in this

bill 3 or more times within 12 consecutive months. If additional court cases occur, revenue to the state General Fund may increase if infraction judgments and court fees are collected. The maximum judgment for a Class B infraction is \$1,000 and the maximum judgement for a Class A infraction is \$10,000. These fines are deposited in the state General Fund. If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed. 70% of the court fee would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** If additional court actions are filed and a judgment is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$70 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund.(2) A \$3 fee would be assessed, and if collected would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed, and if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

**State Agencies Affected:**

**Local Agencies Affected:** Trial courts, local law enforcement agencies. Trial courts, local law enforcement agencies.

**Information Sources:** Don Okey, Alcoholic Beverage Commission.